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Market Development Reports

Wine Market Growth

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Report Highlights:

This report provides information on Taiwan's domestic wine market gathered during a recent visit with a prominent wine and spirits importer located in the south of the island. Growth in consumption and consumer sophistication have been significant since the end of Taiwan's most recent economic downturn and SARS troubles in 2002.

Includes PSD Changes: No
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Unscheduled Report
Taipei ATO [TW2]
[TW]

ATO Taipei visited Jack Wu, Managing Director of B.T. Wine and Cigar at the company's main office in Tainan. The visit was to discuss current conditions in the Taiwan market for grape wine, with particular emphasis on opportunities and challenges in the regional market of "southern Taiwan". Based on the definition provided by Mr. Wu, "southern Taiwan" is defined as the area of southwestern Taiwan to the south of, and including Chiayi City.

B.T. Wine and Cigar is an importer and distributor of wine located in Tainan City. While B.T. imports a fair percentage of their stock on their own account, the company acts as a distributor for much of the mid-range wines they carry and offer to retail venues (hypermarkets, hotel/restaurants, etc.) throughout southwestern Taiwan.

The market for grape wine in Taiwan is experiencing unprecedented growth, finally breaking through the relatively depressed market situation that resulted from the first boom in imports following market liberalization measures that were implemented in the mid-1990s. The glut of imports and lack of market knowledge regarding grape wine saw sales shrivel, prices and profits plummet, and stocks sour due to poor storage practices. Initial signs of market growth during 2000-2002 were suppressed because of a generally lackluster economy and the 2002 outbreak of Severe Acute Respiratory Syndrome (SARS).

The grape wine consumer today is significantly more knowledgeable regarding wine than just five years ago. Educational efforts, driven mostly by French and U.S. wine promotion agencies and amplified by a rising number of professional and novice wine consultants, have paid off by both growing market demand and increasing sales of wine in the top price categories.

With an already established foothold of wine "lovers" (connoisseurs, aficionados, ...) in Taiwan, the island was ready in 2002 to return to enjoying wine with gusto. The core factors driving general red wine purchases in 1999 might best be described as largely unrelated to taste and quality. Wine at that time was purchased in significant quantities as a substitute for higher proof spirits (a healthier alternative, albeit drunk by the case); a healthy drink (marketing focused on wine's antioxidant and nutritive properties); and as an ingredient in curative drinks (Mr. Wu notes his experience with cases of cheap wine being sold as a base in which to steep raw onions – a reported sure-cure mixture to help shed unwanted pounds). While the broad market might have been unfamiliar with wine as a complex, standalone drink, the 1990s saw a relatively small but important segment of consumers begin to take an interest in wine as a complex beverage of leisure, culture, and sophistication. It was this group of consumers who continued drinking wine through the lean years of the late 1990s / early 2000s and who built up sufficient knowledge regarding wine to both educate general consumers (who were already familiar with grape wine and were ready to move beyond the really cheap stuff) and to ensure Taiwan importers knew how and what to purchase from wineries. Some of Taiwan's best wine importers today (in terms of quality) got their start as higher end consumers during the last decade. Mr. Jack Wu and Jeff Tseng (Chateau Harvest) belong in this category.

As grape wine "culture" took root earlier in the north than the south, Jack Wu notes that in wine sale growth in the south is currently growing at a pace some 15-20% faster than the level seen in the north. This would give the south a roughly 50% growth in sales per year (based on the rate of growth experienced between 2003 and 2004). While French wines continue to predominate in the south due in fair part to long-term Sopexa promotion and the Taiwan market's predilection (shared with Japan and other key Asian markets) toward traditional French wines, Mr. Wu, at the head of a company that claims to distribute roughly 85% of the imported grape wine sold in southern Taiwan, expressed interest in serving as a conduit for competitive U.S. wineries with an interest in expanding sales into Taiwan. He expressed interest in particular in learning more regarding wines from the Pacific Northwest.

